

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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COME-00 TRSE-00 OMB-01 AGR-05 /072 W

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R 070727Z JUL 76

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 6361

INFO AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMCONSUL MUNICH

AMEMBASSY PRAUGE

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

USMISSION NATO

LIMITED OFFICIAL USE BUDAPEST 2239

E.O. 11652: N/A

TAGS: EGEN, ECON, EALR, HU

SUBJ: HUNGARIAN MEAT PRICE INCREASES

REF: BUDAPEST 2200 AND PRIVIOUS (NOTAL)

1. MEAT PRICE INCREASES SCHEDULED FOR JULY 1 TOOK EFFECT AS OF JULY 5 (RETEL) AMID NO SIGNS OF UNUSUAL ACTIVITY. AVERAGE PRICE INCREASE WAS ABOUT 30 PERCENT; CONCIL OF MINISTERS DECISION POINTED OUT THAT MEAT PRICES HAD REMAINED STABLE FOR TEN YEARS AND THAT IT WAS NECESSARY TO REDUCE GOVERNMENT SUBSIDIES (ABOUT 18.30 FORINTS PER KILOGRAM FOR PORK AND 26 FORINTS PER DILOGRAM FOR BEEF).

2. PRIME CUTS INCREASED ABOUT 40 PERCENT, MEAT PRODUCTS 26 PERCENT, POULTRY 20 PERCENT, AND FISH AROUND 30 PERCENT.

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AS REPORTED BY EMBASSY WHEN PRICE RISES FIRST ANNOUNCED

IN NOVEMBER 1975, FAT AND LARD PRICES NOT AFFECTED.
PRICE INCREASES WILL BE PASSED ON IN RESTAURANTS AND
WORK-PLACE LUNCH ROOMS.

3. AT THE SAME TIME MOST CATEGORIES OF WORKERS, RETIRED
PERSONS, STUDENTS AND OTHERS RECEIVED A 60 FORINT PER
MONTH INCREASE IN VARIOUS CASH ALLOWANCES. IN ADDITION,
FAMILY ALLOWANCES (BASES ON THE NUMBER OF CHILDREN) WERE
ALSO RAISED BY 60 FORINTS PER OFFSPRING. SOME OF THESE
PENSION AND OTHER INCREASES TOOK EFFECT AS OF THE END OF
JUNE, OTHERS JULY 1.

4. COMMENT: HUNGARIAN AUTHORITIES HAVE APPARENTLY
GONE AHEAD WITH PRICE INCREASES TO EXTENT ORIGINALLY
ANNOUNCED IN LATE 1975; IT DOES NOT APPEAR THAT AMOUNT
OF INCREASE WAS REDUCED AS RESULT OF POLISH DISTURBANCES.
BY ANNOUNCING INCREASE SO FAR IN ADVANCE, SPREADING OUT
INCREASES FOR OTHER CONSUMER GOODS OVER EXTENDED PERIOD,
AND CONTINUOUSLY REMINDING POPULACE THAT SACRIFICES ARE
NECESSARY IN ORDER TO CONTINUE RATIONAL ECONOMIC
GROWTH IN LONG RUN HUNGARIAN OFFICIALS LOCKED THEMSELVES
INTO PRICE INCREASE DECISION TO SUCH AN EXTENT THAT IT
WAS VIRTUALLY UNTHINKABLE TO MAN IN STREET -- AND TO
EMBASSY -- THAT THEY WOULD BACK DOWN AS RESULT OF POLISH
EVENTS.

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